

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF LITEL TELE-)	
COMMUNICATIONS CORPORATION)	
FOR AUTHORITY TO GUARANTEE)	
\$135 MILLION IN SECURED SENIOR)	
NOTES ISSUED BY ITS PARENT,)	CASE NO. 89-308
LCI COMMUNICATIONS, INC. AND)	
FOR ADDITIONAL AUTHORITY CON-)	
TINGENT UPON LCI COMMUNICATIONS)	
INC.'S ACQUISITION OF PHOENIX)	
NETWORK CORPORATION)	

O R D E R

This matter arising upon joint petition of LCI Communications, Inc. ("LCI") and LiTel Telecommunications Corporation ("LiTel"), filed October 23, 1989 and supplemented November 16, 1989 for confidential protection of term sheets for certain financing arrangements, and for protection of financial information contained in a pro forma income statement and balance sheet for LCI and LiTel, a pro forma income statement and balance sheet for LCI, LiTel, and other companies they intend to acquire, an income statement and balance sheet for LiTel, a consolidated income statement and balance sheet for several companies LiTel and LCI intend to acquire, and the book value of the assets of a company LCI and LiTel intend to acquire, on the grounds that disclosure of the information is likely to result in substantial competitive injury, and it appearing to this Commission as follows:

LiTel has requested approval to act as guarantor for LCI on a loan and a line of credit which LCI intends to obtain from Mellon

Bank, N.A. and Creditanstalt on its own behalf and on behalf of Phoenix Network Corporation if Phoenix is acquired by LiTel. By this petition, LCI and LiTel seek to protect as confidential the term sheet for the term loan between LCI and Mellon Bank, N.A. and Creditanstalt (Exhibit F to the application); the \$20 million credit line issued through Mellon Bank, N.A. and Creditanstalt (Exhibit F to the application). LCI and LiTel also seek to protect as confidential financial information contained in a pro forma income statement (Exhibit G to the application) and balance sheet (Exhibit G-2 to the application) for LCI and LiTel as they presently exist; a pro forma income statement (Exhibit H-1 to the application) and balance sheet (Exhibit H-2 to the application) for LCI, LiTel, Afford-A-Call and Charter Entities; income statement and balance sheet for LiTel for the eight months ending August 31, 1989 (Exhibits I-1 and I-2 to the application); a consolidated income statement and balance sheet for Charter Management Company, Inc., Phoenix Network Corporation, and Charter Network, L.P. for eight months ending August 31, 1989 (Exhibits J-1 and J-2 to the application); and the total book value of Charter's assets, less accumulated provision for depreciation and amortization as of July 31, 1989 (Exhibit K to the application). In support of the petition LCI and LiTel contend that disclosure of the information sought to be protected is likely to result in substantial competitive injury.

Other than Mellon Bank, N.A. and Creditanstalt, the information sought to be protected is not known outside of LCI and LiTel and has not been disclosed generally within their

businesses. LCI and LiTel have expended substantial sums of money to develop the information, and it cannot easily be acquired or duplicated by other means.

807 KAR 5:001, Section 7, protects information as confidential when it is established that disclosure will result in competitive injury to the party from whom the information is obtained. To qualify for protection under this regulation, the party claiming confidentiality must demonstrate actual competition and a likelihood of substantial competitive injury if the information is disclosed. Competitive injury occurs when disclosure of the information gives competitors an unfair business advantage.

LiTel provides telecommunications services in many markets. In addition to providing such services, LiTel also seeks to acquire other companies which provide the same services. At least 25 other companies presently compete with LiTel and LCI not only in providing telecommunications services but in acquiring other companies that provide such services.

LCI and LiTel contend that to the extent the information sought to be protected is made public, it will enable their competitors to unfairly compete with them in expanding their business, acquiring other carriers, and offering new services. The petition, however, does not demonstrate how the information would be useful to competitors for these purposes and the petition should, therefore, be denied.

This Commission being otherwise sufficiently advised,

IT IS ORDERED that:

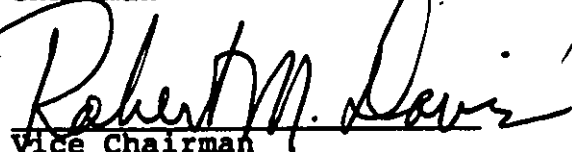
1. The petition for confidential protection of the term sheets for the loan and the \$20 million credit line from Mellon Bank N.A. and Creditanstalt to LCI, the pro forma income statement to the balance sheet for LCI and LiTel as they presently exist, the pro forma income statement to the application and balance sheet for LCI, LiTel, Afford-A-Call and Charter entities, the income statement and balance sheet for LiTel for the eight months ending August 31, 1989, the consolidated income statement and balance sheet for Charter Management Company, Inc., Phoenix Network Corporation and Charter Network, L.P., for the eight months ending August 31, 1989, and the total book value of Charter's assets, which LCI and LiTel have petitioned be withheld from public disclosure, be and is hereby denied.

2. The information sought to be protected from disclosure shall be held as confidential and proprietary for a period of 5 working days from the date of this Order, at the expiration of which time, it shall be placed in the public record.

Done at Frankfort, Kentucky, this 12th day of February, 1990.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

ATTEST:


Executive Director

Commissioner